

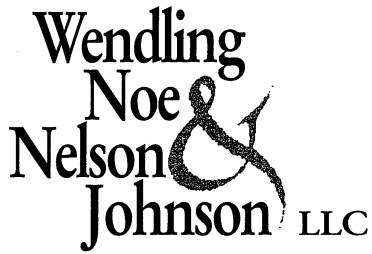
FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
CITY OF LANSING, KANSAS
DECEMBER 31, 2011

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Honorable Mayor and Members
of the City Council
City of Lansing, Kansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lansing, Kansas, as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Lansing's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial and summarized comparative information has been derived from the City of Lansing's 2010 financial statements and, in our report dated August 16, 2011, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

The financial statements include partial and summarized prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2010, from which such partial and summarized information was derived.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the Kansas *Municipal Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lansing, Kansas, as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General and Consolidated Street and Highway funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required management discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lansing's basic financial statements. The accompanying supplementary information such as combining and individual fund financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Lansing, Kansas. The combining and individual nonmajor fund financial statements, budgetary schedules, and capital asset schedule are the responsibility of management and were derived from and relate directly to the underlying accounting records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wendy Rae Nelson & John LLC
Topeka, Kansas
August 10, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Lansing, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Lansing for the calendar year ended December 31, 2011.

Financial Highlights

- Assets of the City of Lansing exceeded its liabilities at the close of the most recent calendar year by \$12,659,511.
- At the close of the current calendar year, the City of Lansing's governmental funds reported combined ending fund balances of \$2,115,256.
- At the end of the current calendar year, the unassigned fund balance for the general fund was \$540,531.
- The City's total term-debt decreased by \$1,486,866 during the current calendar year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Lansing's basic financial statements. The City of Lansing's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Lansing's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City of Lansing's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Lansing is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent calendar year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Lansing that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Lansing include general government, public safety, public works (roads, utilities and traffic controls), parks and recreation, library and employee benefits. The business-type activities of the City of Lansing include wastewater and solid waste activities. The City of Lansing has no component units, which are entities that are legally separate, but for which the City is financially accountable.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Lansing, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Lansing can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the calendar year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of the city's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The basic governmental funds financial statements can be found on pages 11 and 13 of this report.

The City of Lansing adopts an annual appropriated budget for all governmental funds as required by state statute.

Proprietary funds. The City of Lansing maintains two proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Lansing uses enterprise funds to account for its Wastewater and Solid Waste activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Wastewater Fund and other proprietary funds, namely, Solid Waste activities, which is not considered to be a major fund of the City. The basic proprietary fund financial statements can be found on pages 17-20 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not available to support the City of Lansing's own programs and, therefore, are not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on page 21 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Lansing, assets exceeded liabilities by \$12,659,511 at the close of 2011.

By far, the largest portion of the City of Lansing's net assets reflect its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City of Lansing used these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Lansing's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF LANSING CONDENSED NET ASSETS December 31, 2011

	Governmental activities 2011	Business-type activities 2011	Total 2011
Current and other assets	\$ 5,377,170	\$ 1,697,591	\$ 7,074,761
Capital assets	<u>17,722,890</u>	<u>15,830,617</u>	<u>33,553,507</u>
Total assets	<u>23,100,060</u>	<u>17,528,208</u>	<u>40,628,268</u>
Long-term liabilities outstanding	13,755,818	10,618,831	24,374,649
Current and other liabilities	<u>3,459,827</u>	<u>134,281</u>	<u>3,594,108</u>
Total liabilities	<u>17,215,645</u>	<u>10,753,112</u>	<u>27,968,757</u>
Net assets			
Invested in capital assets, net of related debt	4,175,522	5,211,786	9,387,308
Restricted	657,298		657,298
Unrestricted	<u>1,051,595</u>	<u>1,563,310</u>	<u>2,614,905</u>
Total net assets	<u>\$ 5,884,415</u>	<u>\$ 6,775,096</u>	<u>\$12,659,511</u>

A portion of the City of Lansing's net assets (\$657,298) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$2,614,905) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current calendar year, the City of Lansing is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Financial Analysis of the Government's Funds

As noted earlier, the City of Lansing uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Governmental funds. The financial reporting focus of the City of Lansing's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information may be useful in assessing the City of Lansing's financing requirements. In particular, *unreserved fund balance* may serve as useful measure of a government's net resources available for spending at the end of the calendar year.

As of the end of the current calendar year, the City of Lansing's governmental funds reported combined ending fund balances of \$2,115,256. Of this total amount \$2,109,835 constitutes the portion of the fund balance, which is available to meet the future financial needs of the City. The remainder of the fund balance is nonspendable to indicate that it is not available for new spending because it has already been expended.

The general fund is the chief operating fund of the City of Lansing. At the end of the current calendar year, unassigned fund balance of the general fund was \$540,531. The City of Lansing's general fund balance decreased by \$334,254 during the current calendar year.

Proprietary funds. The City of Lansing's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. The ending net assets for the proprietary funds were \$6,775,096, a net increase of \$25,023.

The unrestricted net assets of the two enterprise funds totaled \$1,563,310.

General Fund Budgetary Highlights

The City continues to develop long term strategies to manage debt, while limiting the fiscal burden on the citizens of Lansing. Management is watching the City's debt load to ensure that future revenues will be sufficient to retire the debt without jeopardizing essential City services.

Revenues for the general fund operations were less than estimated by \$229,245, and departmental expenditures on the budgetary basis were less than appropriated amounts by \$702,375.

Transfers out of the general fund totaled \$825,000 for the year ended December 31, 2011 (see Statement of Revenues, Expenditures and Change in Fund Balances on page 15 of this report).

Revenues from ad valorem taxes represented the largest general fund revenue source with collections totaling \$1.91 million or 41% of all general fund revenues. At \$1.47 million or 32% of all general fund revenue collected, current year retail sales and use taxes represent the second largest revenue source for the general fund. The Mill Levy increased by .855 in 2011, moving from 37.776 in 2010 to 38.631 in 2011.

Enterprise Operations

The City's enterprise operations consist of two separately accounted for operations which are administered by two different departments: Finance and Wastewater. Operating revenues for the City's combined enterprise operations increased by \$260,876. The key factors in this increase are a utility rate increase on residential and commercial utility accounts and a proactive approach to collecting delinquent balances.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Capital Asset and Debt Administration

Capital assets. The City of Lansing's investment in capital assets for its governmental and business type activities as of December 31, 2011, amount to \$33,553,507 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, park and municipal facilities, roads, highways and sidewalks. The total decrease in the City of Lansing's investment in capital assets for the current calendar year was \$1,200,405. Details of the City of Lansing's capital assets are continued in Note D - 3 to financial statement on pages 33 and 34.

Long-term debt. At the end of the current calendar year, the City of Lansing had total bonded debt outstanding of \$24,234,739, which comprises debt backed by the full faith and credit of the City. (More detailed information about the agency's long-term liabilities is presented in Note E to the financial statement on page 36.)

The City of Lansing's total debt decreased by 6% during the current year.

The City of Lansing continues to pay down its debt, retiring \$1,486,866 of outstanding debt during the current fiscal year.

Economic Factors and Next Year's Budgets and Rates

The instability of the U.S. economy is still a major concern, and the City of Lansing is positioning itself to withstand tough economic times. Although an increase in assessed valuation is not estimated for 2012, the City continues to anticipate growth from new commercial developments. Once again, City staff worked to reduce 2012 expenditures. Several departments were reorganized, reducing staff and expenses without compromising public safety or reducing City services.

In adopting the budget for the ensuing calendar year 2012, City officials considered many factors in making judgments and estimates about the finances of the upcoming year.

Upcoming capital projects scheduled are:

- Towne Center Development
- Street, Side Walk, and Drainage Projects
- Economic Development Projects

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

The primary objective of the Council was to continue to provide basic City services to the citizens, while attempting to keep the property tax rate substantially the same. The City's Mill Levy rate is projected to increase by 2.3%, moving from 38.631 in 2011 to 39.501 in 2012. The dollar value equivalent is a \$10.00 increase in taxes paid on a \$100,000 home.

Requests for Information

This financial report is designed to provide a general overview of the City of Lansing's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Finance Department, 800 1st Terrace, Lansing, Kansas 66043.

CITY OF LANSING, KANSAS

STATEMENT OF NET ASSETS

December 31, 2011

With comparative totals for December 31, 2010

	Primary government		Totals	
	Governmental activities	Business-type activities	2011	2010
ASSETS				
Cash and cash equivalents	\$ 2,391,125	\$ 1,025,348	\$ 3,416,473	\$ 4,223,843
Receivables	2,980,624	672,243	3,652,867	3,499,997
Prepaid expenses	5,421		5,421	2,801
Capital assets				
Land	991,774		991,774	991,774
Depreciable buildings, property and equipment, net of depreciation	14,497,276	15,830,617	30,327,894	31,251,856
Construction in progress	2,233,840		2,233,839	2,510,282
Total assets	<u>23,100,060</u>	<u>17,528,208</u>	<u>40,628,268</u>	<u>42,480,553</u>
LIABILITIES				
Accounts payable	178,757	5,209	183,966	179,521
Customer deposits		16,500	16,500	25,054
Accrued interest payable	197,913	94,154	292,067	310,163
Salaries and wages payable	61,209	16,418	77,627	66,925
Deferred revenue	3,021,948	2,000	3,023,948	2,952,408
Noncurrent liabilities				
Due within one year	930,659	715,615	1,646,274	1,611,605
Due in more than one year	12,825,159	9,903,216	22,728,375	24,234,738
Total liabilities	<u>17,215,645</u>	<u>10,753,112</u>	<u>27,968,757</u>	<u>29,380,414</u>
NET ASSETS				
Invested in capital assets, net of related debt	4,175,522	5,211,786	9,387,308	9,374,789
Restricted for debt service	657,298		657,298	594,157
Unrestricted	1,051,595	1,563,310	2,614,905	3,131,193
Total net assets	<u>\$ 5,884,415</u>	<u>\$ 6,775,096</u>	<u>\$12,659,511</u>	<u>\$13,100,139</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF ACTIVITIES
Year ended December 31, 2011
With comparative totals for December 31, 2010

	<u>Expenses</u>	<u>Program revenues</u>			<u>Net (expense) revenue and changes in net assets</u>			
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>	<u>Primary government</u>		<u>Totals</u>	
					<u>Governmental activities</u>	<u>Business- type activities</u>		
							<u>2011</u>	<u>2010</u>
Functions/programs								
Primary government								
Governmental activities								
General government	\$ (1,125,982)	\$ 862,978	\$489,248	\$ -	\$ 226,244	\$ -	\$ 226,244	\$ (919,755)
Public safety	(1,360,102)	25	9,152		(1,350,925)		(1,350,925)	(1,299,366)
Public works	(1,268,510)				(1,268,510)		(1,268,510)	(802,128)
Library	(178,666)				(178,666)		(178,666)	(179,074)
Culture and recreation	(670,870)		25,970		(644,900)		(644,900)	(589,918)
Planning and zoning	(1,068,336)				(1,068,336)		(1,068,336)	(1,069,352)
Interest	(1,327,071)				(1,327,071)		(1,327,071)	(669,874)
Total governmental activities	(6,999,537)	863,003	524,370	-	(5,612,164)	-	(5,612,164)	(5,529,467)
Business-type activities								
Sewer Utility	(1,997,890)	1,650,236				(347,654)	(347,654)	(552,133)
Refuse Utility	(509,246)	513,698				4,452	4,452	93,884
Total business-type activities	(2,507,136)	2,163,934	-	-	-	(343,202)	(343,202)	(458,249)
Total primary government	<u>\$ (9,506,673)</u>	<u>\$3,026,937</u>	<u>\$524,370</u>	<u>\$ -</u>	<u>(5,612,164)</u>	<u>(343,202)</u>	<u>(5,955,366)</u>	<u>(5,987,716)</u>
General revenues								
Property taxes					3,096,058		3,096,058	2,875,605
Sales taxes					1,472,973		1,472,973	1,432,103
Franchise taxes					474,205		474,205	476,632
Motor fuel taxes					355,858		355,858	332,290
Alcoholic beverage taxes					9,015		9,015	8,178
Transient guest taxes					104,727		104,727	39,873
Investment earnings					1,743	159	1,902	2,260
Transfers					(368,066)	368,066		
Total general revenues and transfers					5,146,513	368,225	5,514,738	5,166,941
Change in net assets					(465,651)	25,023	(440,628)	(820,775)
Net assets beginning of year					6,350,066	6,750,073	13,100,139	13,920,914
Net assets end of year					<u>\$ 5,884,415</u>	<u>\$6,775,096</u>	<u>\$12,659,511</u>	<u>\$13,100,139</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS

BALANCE SHEET

GOVERNMENTAL FUNDS

December 31, 2011

With comparative totals for December 31, 2010

	General	Special Revenue Fund Consolidated Street and Highway	Debt Service fund	Capital Project Capital Improvement fund	Other governmental funds	Totals	
						2011	2010
ASSETS							
Cash and equity in Treasurer's fund	\$ 787,621	\$76,596	\$ 657,298	\$199,484	\$670,126	\$2,391,125	\$3,208,778
Property taxes receivable	2,025,789		805,633		149,202	2,980,624	2,907,295
Prepaid expenses	5,421					5,421	2,801
Total assets	<u>\$2,818,831</u>	<u>\$76,596</u>	<u>\$1,462,931</u>	<u>\$199,484</u>	<u>\$819,328</u>	<u>\$5,377,170</u>	<u>\$6,118,874</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 55,709	\$ -	\$ -	\$121,906	\$ 1,142	\$ 178,757	\$ 165,031
Salaries and wages payable	54,307	4,568			2,334	61,209	47,678
Deferred revenues	2,067,113		805,633		149,202	3,021,948	2,950,408
Total liabilities	<u>2,177,129</u>	<u>4,568</u>	<u>805,633</u>	<u>121,906</u>	<u>152,678</u>	<u>3,261,914</u>	<u>3,163,117</u>
FUND BALANCES							
Nonspendable	5,421					5,421	2,801
Restricted		72,028	657,298		514,479	1,243,805	1,219,387
Committed	95,750				68,540	164,290	480,230
Assigned				77,578	83,631	161,209	417,934
Unassigned	540,531					540,531	835,405
Total fund balances	<u>641,702</u>	<u>72,028</u>	<u>657,298</u>	<u>77,578</u>	<u>666,650</u>	<u>2,115,256</u>	<u>2,955,757</u>
Total liabilities and fund balances	<u>\$2,818,831</u>	<u>\$76,596</u>	<u>\$1,462,931</u>	<u>\$199,484</u>	<u>\$819,328</u>	<u>\$5,377,170</u>	<u>\$6,118,874</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
Year ended December 31, 2011

Amounts reported for governmental activities in the statement of net assets differ from the fund balances of governmental funds on the preceding balance sheet as shown in the following reconciliation:

Fund balances of governmental funds from the balance sheet	\$ 2,115,256
Capital assets, net of depreciation, used in governmental activities are not financial resources, and so have not been reported on the balance sheet	17,722,890
Long-term liabilities, such as bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	
Bonds payable	(11,755,000)
KDOT loan payable	(1,710,052)
Capital lease payable	(150,856)
Compensated absences	(139,910)
Accrued interest on long-term debt	(197,913)
Net assets of governmental activities as reported on the statement of net assets	<u>\$ 5,884,415</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Year ended December 31, 2011

With comparative totals for December 31, 2010

	General	Special Revenue Fund Consolidated Street and Highway	Debt Service fund	Capital Project Capital Improvement fund	Other governmental funds	Totals	
						2011	2010
Revenues							
Taxes and special assessments	\$3,388,670	\$ -	\$1,401,528	\$ -	\$248,421	\$5,038,619	\$4,688,049
Intergovernmental		322,195			23,338	345,533	343,168
Licenses, permits and franchise taxes	594,468					594,468	545,985
Fines and forfeitures	627,528					627,528	770,478
Interest	1,301	32	99	120	180	1,732	4,561
Other	10,808	17,972	21	131,383	133,886	294,070	274,873
Total revenues	<u>4,622,775</u>	<u>340,199</u>	<u>1,401,648</u>	<u>131,503</u>	<u>405,825</u>	<u>6,901,950</u>	<u>6,627,114</u>
Expenditures							
Current							
General government	1,701,356			50,000	84,499	1,835,855	1,801,923
Public safety	1,381,864				6,262	1,388,126	1,385,010
Public works	585,716	490,033		606,966		1,682,715	1,718,803
Culture and recreation	538,093				304,345	842,438	796,302
Social services					8,595	8,595	8,767
Construction and engineering					273,685	273,685	101,325
Neighborhood revitalization rebate			44,790			44,790	35,415
Debt service							
Principal - bonds			610,000			610,000	545,000
Principal - temporary notes							1,210,000
Principal - revolving loan			88,449			88,449	85,121
Interest and commissions			599,732			599,732	601,743
Total expenditures	<u>4,207,029</u>	<u>490,033</u>	<u>1,342,971</u>	<u>656,966</u>	<u>677,386</u>	<u>7,374,385</u>	<u>8,289,409</u>
Excess (deficiency) of revenue over expenditures	<u>415,746</u>	<u>(149,834)</u>	<u>58,677</u>	<u>(525,463)</u>	<u>(271,561)</u>	<u>(472,435)</u>	<u>(1,662,295)</u>
Other financing sources (uses)							
Proceeds - general obligation bonds							975,000
Other costs of bond issuance							(26,260)
Transfers in	75,000	100,000	4,464	200,000	79,763	459,227	253,889
Transfers out	(825,000)				(2,293)	(827,293)	(668,040)
Total other financing sources (uses)	<u>(750,000)</u>	<u>100,000</u>	<u>4,464</u>	<u>200,000</u>	<u>77,470</u>	<u>(368,066)</u>	<u>534,589</u>
Net change in fund balances	(334,254)	(49,834)	63,141	(325,463)	(194,091)	(840,501)	(1,127,706)
Fund balances at beginning of year	<u>975,956</u>	<u>121,862</u>	<u>594,157</u>	<u>403,041</u>	<u>860,741</u>	<u>2,955,757</u>	<u>4,083,463</u>
Fund balances at end of year	<u>\$ 641,702</u>	<u>\$ 72,028</u>	<u>\$ 657,298</u>	<u>\$ 77,578</u>	<u>\$666,650</u>	<u>\$2,115,256</u>	<u>\$2,955,757</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year ended December 31, 2011

Amounts reported for governmental activities in the statement of revenues, expenditures, and changes in fund balances of governmental funds differ from the amounts reported in the government-wide statement of activities as shown in the following reconciliation:

Net changes in fund balances - total from the preceding Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds	\$(840,501)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(413,540)
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Issuance of long-term debt, such as bonds and temporary notes, provides current financial resources to governmental funds, and the repayment of long-term debt uses those resources; however, neither transaction has any effect on net assets. The City retired \$610,000 of bonds, \$88,449 of KDOT loan principal, \$93,180 of capitalized leases, and had a change in interest of \$11,932. The net effect of these differences is this amount.	803,561
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Compensated absences, such as vacation, are reported in the statement of activities, but do not require the use of current financial resources and, therefore, are not reported in the governmental funds.	<u>(15,171)</u>
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Change in net assets of governmental activities as shown on the government-wide statement of activities	<u>\$(465,651)</u>
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The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND

Year ended December 31, 2011

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>with final</u> <u>budget</u> <u>positive</u> <u>(negative)</u>
Revenues				
Property tax	\$1,557,399	\$1,557,399	\$1,695,552	\$138,153
Auto ad valorem tax	222,924	222,924	211,131	(11,793)
Local alcoholic liquor tax	8,416	8,416	9,015	599
Local retail sales tax	1,312,741	1,312,741	1,280,077	(32,664)
Compensation use tax	199,790	199,790	192,895	(6,895)
Franchise fees	551,750	551,750	474,205	(77,545)
Licenses and permits	336,500	336,500	120,263	(216,237)
Fines and forfeitures	646,500	646,500	627,528	(18,972)
Interest	15,000	15,000	1,301	(13,699)
Other	1,000	1,000	10,808	9,808
Total revenues	<u>4,852,020</u>	<u>4,852,020</u>	<u>4,622,775</u>	<u>(229,245)</u>
Expenditures				
General government				
City administrator	153,554	153,554	147,220	6,334
Administration	830,992	830,992	570,179	260,813
Municipal court	212,921	212,921	217,090	(4,169)
Building maintenance	54,875	54,875	56,680	(1,805)
Community development	543,734	543,734	250,925	292,809
Economic development	274,303	274,303	265,732	8,571
Finance department	271,840	271,840	193,530	78,310
Public safety				
Police	1,380,166	1,380,166	1,379,667	499
Emergency preparedness	4,703	4,703	2,197	2,506
Public works				
General	325,146	325,146	293,082	32,064
Streets	149,345	149,345	151,564	(2,219)
Street lighting	141,000	141,000	141,070	(70)
Culture and recreation				
Parks and recreation	379,514	379,514	366,853	12,661
Activity center	116,077	116,077	105,094	10,983
Historical society	60,174	60,174	55,491	4,683
Community center	11,060	11,060	10,655	405
Total expenditures	<u>4,909,404</u>	<u>4,909,404</u>	<u>4,207,029</u>	<u>702,375</u>
Excess (deficit) of revenues over expenditures	<u>(57,384)</u>	<u>(57,384)</u>	<u>415,746</u>	<u>473,130</u>
Other financing sources				
Transfers in	75,000	75,000	75,000	
Transfers out	(875,000)	(875,000)	(825,000)	50,000
Total other financing sources (uses)	<u>(800,000)</u>	<u>(800,000)</u>	<u>(750,000)</u>	<u>50,000</u>
Net change in fund balance	(857,384)	(857,384)	(334,254)	523,130
Beginning fund balance	857,384	857,384	975,956	118,572
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 641,702</u>	<u>\$641,702</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
CONSOLIDATED STREET AND HIGHWAY FUND
Year ended December 31, 2011

	Budgeted amounts		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	with final budget positive (negative)
Revenues				
Intergovernmental revenue	\$322,253	\$322,253	\$322,195	\$ (58)
Interest			32	32
Other	<u>1,200</u>	<u>1,200</u>	<u>17,972</u>	<u>16,772</u>
Total revenues	323,453	323,453	340,199	16,746
Expenditures				
Public works	<u>505,849</u>	<u>505,849</u>	<u>490,033</u>	<u>15,816</u>
Excess (deficit) of revenues over expenditures	(182,396)	(182,396)	(149,834)	32,562
Other financing sources				
Transfer in	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	
Net change in fund balance	(82,396)	(82,396)	(49,834)	32,562
Beginning fund balance	<u>107,537</u>	<u>107,537</u>	<u>121,862</u>	<u>14,325</u>
Ending fund balance	<u>\$ 25,141</u>	<u>\$ 25,141</u>	<u>\$ 72,028</u>	<u>\$46,887</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LANSING, KANSAS

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

December 31, 2011

With comparative totals for December 31, 2010

	Business-type activities Enterprise funds			
	Nonmajor Enterprise Fund Refuse		Totals	
	Sewer Utility	Utility	2011	2010
ASSETS				
Current assets				
Cash and equity in				
Treasurer's fund	\$ 785,891	\$239,457	\$ 1,025,348	\$ 1,015,065
Accounts receivable	545,102	127,141	672,243	592,702
Total current assets	1,330,993	366,598	1,697,591	1,607,767
Noncurrent assets				
Capital assets				
Depreciable buildings, property, and equipment, net of depreciation	15,830,617		15,830,617	16,617,483
Total noncurrent assets	15,830,617	-	15,830,617	16,617,483
Total assets	17,161,610	366,598	17,528,208	18,225,250
LIABILITIES				
Current liabilities				
Accounts payable	3,797	1,412	5,209	14,490
Salaries and wages payable	16,418		16,418	19,247
Customer deposits	16,500		16,500	25,054
Accrued interest	94,154		94,154	100,318
Current portion of State revolving loan	715,615		715,615	695,237
Total current liabilities	846,484	1,412	847,896	854,346
Noncurrent liabilities				
Deferred revenue	2,000		2,000	2,000
State revolving loan payable	9,903,216		9,903,216	10,618,831
Total noncurrent liabilities	9,905,216	-	9,905,216	10,620,831
Total liabilities	10,751,700	1,412	10,753,112	11,475,177
NET ASSETS				
Invested in capital assets, net of related debt	5,211,786		5,211,786	5,303,415
Unrestricted	1,198,124	365,186	1,563,310	1,446,658
Total net assets	\$ 6,409,910	\$365,186	\$ 6,775,096	\$ 6,750,073

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS

Year ended December 31, 2011

With comparative totals for December 31, 2010

	Business-type activities Enterprise funds			
	Sewer Utility	Nonmajor Enterprise Fund Refuse Utility	Totals	
			2011	2010
Operating revenues				
Sewer service charges	\$1,647,079	\$ -	\$1,647,079	\$1,416,832
Refuse service charges		521,438	512,438	481,826
Other income	3,157	1,260	4,417	4,400
Total operating revenues	<u>1,650,236</u>	<u>513,698</u>	<u>2,163,934</u>	<u>1,903,058</u>
Operating expenses				
Salaries, wages, and benefits	353,155		353,155	394,653
Purchased services	193,451		193,451	176,706
Commodities	21,120		21,120	24,400
Insurance	55,600		55,600	59,000
Sewer maintenance	255,061		255,061	185,189
Waste collection		392,629	392,629	381,076
Bad debts	10,917	116,617	127,534	
Depreciation	790,532		790,532	802,256
Total operating expenditures	<u>1,679,836</u>	<u>509,246</u>	<u>2,189,082</u>	<u>2,023,280</u>
Operating income (loss)	<u>(29,600)</u>	<u>4,452</u>	<u>(25,148)</u>	<u>(120,222)</u>
Nonoperating revenues (expenses)				
Interest income	70	89	159	584
Interest expense	(318,054)		(318,054)	(338,027)
Total nonoperating revenues (expenses)	<u>(317,984)</u>	<u>89</u>	<u>(317,895)</u>	<u>(337,443)</u>
Other financing sources (uses)				
Transfers in	450,000		450,000	464,151
Transfers out		(81,934)	(81,934)	(50,000)
Total other financing sources (uses)	<u>450,000</u>	<u>(81,934)</u>	<u>368,066</u>	<u>414,151</u>
Change in net assets	102,416	(77,393)	25,023	(43,514)
Total net assets beginning of year	<u>6,307,494</u>	<u>442,579</u>	<u>6,750,073</u>	<u>6,793,587</u>
Total net assets end of year	<u>\$6,409,910</u>	<u>\$365,186</u>	<u>\$6,775,096</u>	<u>\$6,750,073</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year ended December 31, 2011

With comparative totals for December 31, 2010

	Business-type activities Enterprise funds			
	Sewer Utility	Nonmajor Enterprise Fund Refuse Utility	Totals	
			2011	2010
Cash flows from operating activities				
Receipts from customers and users	\$1,524,875	\$427,567	\$1,952,442	\$1,739,819
Payments to suppliers	(487,514)	(392,582)	(880,096)	(824,695)
Payments to employees	(355,984)		(355,984)	(393,843)
Other	(52,443)	1,260	(51,183)	(54,600)
Net cash provided by (used by) operating activities	628,934	36,245	665,179	466,681
Cash flows from noncapital financing activities				
Transfer from other funds	450,000		450,000	464,151
Transfer to other funds		(81,934)	(81,934)	(50,000)
Net cash provided by (used by) noncapital financing activities	450,000	(81,934)	368,066	414,151
Cash flows from capital and related financing activities				
Payment on capital debt	(695,237)		(695,237)	(675,439)
Interest paid on capital debt	(324,218)		(324,218)	(344,016)
Purchase of capital assets	(3,666)		(3,666)	(17,627)
Net cash used by capital and related financing activities	(1,023,121)	-	(1,023,121)	(1,037,082)
Cash flows from investing activities				
Interest received	70	89	159	584
Net cash from investing activities	70	89	159	584
Net increase (decrease) in cash and cash equivalents	55,883	(45,600)	10,283	(155,666)
Cash and cash equivalents, January 1	730,008	285,057	1,015,065	1,170,731
Cash and cash equivalents, December 31	\$ 785,891	\$239,457	\$1,025,348	\$1,015,065

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - CONTINUED

Year ended December 31, 2011

With comparative totals for December 31, 2010

	Business-type activities Enterprise funds			
	Sewer Utility	Nonmajor Enterprise Fund Refuse Utility	Totals	
			2011	2010
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	<u>\$ (29,600)</u>	<u>\$ 4,452</u>	<u>\$ (25,148)</u>	<u>\$ (120,222)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation expense	790,532		790,532	802,256
Change in assets and liabilities				
Accounts receivable	(111,287)	31,746	(79,541)	(158,839)
Accounts payable	(9,328)	47	(9,281)	(33,185)
Customer deposits	(8,554)		(8,554)	(24,139)
Accrued liabilities	<u>(2,829)</u>		<u>(2,829)</u>	<u>810</u>
Total adjustments	<u>658,534</u>	<u>31,793</u>	<u>690,327</u>	<u>586,903</u>
Net cash provided by (used by) operating activities	<u>\$628,934</u>	<u>\$36,245</u>	<u>\$665,179</u>	<u>\$ 466,681</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF FIDUCIARY NET ASSETS
COMBINED AGENCY FUNDS

December 31, 2011

With comparative totals for December 31, 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and equity in Treasurer's Fund	<u>\$108,168</u>	<u>\$94,273</u>
Total assets	<u>\$108,168</u>	<u>\$94,273</u>
LIABILITIES		
Due to others	\$ 95,788	\$84,283
Bonds posted escrow	<u>12,380</u>	<u>9,990</u>
Total liabilities	<u>\$108,168</u>	<u>\$94,273</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

The City of Lansing is a municipal corporation governed by an elected mayor and eight-member council. The accompanying financial statements present the City's financial position at December 31, 2011. The accounting and reporting policies of the City of Lansing, Kansas, relating to the funds included in the accompanying financial statements, conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governments (GASB 34 Edition), and by the Financial Accounting Standards Board, when applicable. Certain significant accounting policies of the City are described below.

The City's financial statements include the accounts of all City operations. The criteria for including other organizations as component units within the City's reporting entity, as set forth in section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in its own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

Based on the aforementioned criteria, the City of Lansing has no component units.

2. Government-wide and fund financial statements

The government-wide financial statements (i.e., the *Statement of Net Assets* and the *Statement of Activities*) report information on all of the nonfiduciary activities of the City of Lansing. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

3. Measurement focus, basis of accounting, and
financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Under the accrual basis of accounting, revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purposes, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Those revenues susceptible to accrual are sales taxes, franchise taxes, special assessments, investment earnings, and certain Federal and State grants and entitlements. Only sales taxes collected and paid the State at year-end on behalf of the City are recognized as revenue. Licenses, permits, fees for services, and fines are not susceptible to accrual, because generally they are not measurable until received in cash. While property taxes and special assessments are shown on the balance sheet as current assets of the City, they are not recognized as revenue at year-end, because statutory provisions prohibit their use until the year for which they were levied and budgeted. Instead, they are offset by deferred revenue accounts.

The City of Lansing reports the following major governmental funds:

The *general fund* is the main operating fund of the City. This fund is used to account for all financial resources of the City, except those required to be accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the general fund.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The *consolidated street and highway fund*. This fund is used for the construction, reconstruction, alteration, repair and maintenance of the streets and highways of the City.

The *debt service fund* is used to account for the accumulation of financial resources for the payment of principal, interest, and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the debt service fund is reserved, to signify that amounts are restricted exclusively for debt service expenditures.

Capital project - capital improvement fund. This fund is used for the acquisition and construction of major capital improvements utilizing current resources.

The City of Lansing reports the following major proprietary funds:

The *sewer utility fund* provides accountability for all phases of operation and maintenance of the City's public sewer system.

The City reports the following types of nonmajor governmental funds:

Special revenue funds are used to account for the proceeds of specific revenue resources that are legally restricted to expenditure for specified purposes.

Capital project funds are used to account for the acquisition or construction of major capital assets, other than those financed by the proprietary funds, which are expected to be financed from borrowing or contributions.

The City of Lansing reports the following type of nonmajor proprietary funds:

Enterprise fund is used for activities which are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Additionally, the City reports the following fund type:

Fiduciary funds are used to account for resources that are held by the government as a trustee or as agent for parties outside the government and that cannot be used to support the City's own programs. The City of Lansing has no fiduciary trust funds, but maintains three fiduciary agency funds. Agency funds are custodial in nature (assets equal liabilities), and do not involve measurement of results of operations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

4. Assets, liabilities, and net assets or equity

a. Deposits and investments

The City of Lansing considers *cash and cash equivalents* to be cash on hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition.

The City maintains and administers a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is included on the combined balance sheet or statement of net assets as *Cash and equity in Treasurer's fund*.

Kansas statutes authorize the City, with certain restrictions, to deposit or invest directly in temporary notes, no-fund warrants, open accounts, time deposits, certificates of deposit, repurchase agreements, U.S. Treasury bills and notes, and the State's Municipal Investment Pool (MIP). The MIP operates in accordance with applicable State laws and regulations. The reported value of the City's investment in the MIP is the same as the fair value of its pool shares.

Statutes require that collateral, which has a fair market value equal to 100 percent of the investment (less Federally insured amounts), be assigned for the benefit of the City to secure an investment of City funds. The statutes provide for an exception for peak deposit periods during taxpaying time where, for a period of 60 days, the amount of required collateral may be reduced by one-half.

b. Accounts receivable

Accounts receivable are stated net of actual write-offs. The accounts considered uncollectible during each accounting period are eliminated from accounts receivable through the direct write-off method.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property tax receivables are shown net of an allowance for uncollectible amounts. That allowance is equal to approximately 3 percent of outstanding property taxes at December 31, 2011. Property taxes are levied November 1 on property values assessed as of the previous January 1 as certified by the County Appraiser on June 15 of each year. The tax levy can be paid by property owners in two installment payments. The first half is due on December 20 of the same year, and the second half is due on the following May 10. The payment is considered past due on the day after the due date.

c. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the City as assets with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of three years. All such capital assets that are purchased or constructed are valued at historical cost where records are available and at an estimated historical cost where no such records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The City reports its infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements, regardless of their amount.

Capital assets of proprietary funds are capitalized and depreciated over the remaining useful lives of the related assets, as applicable.

Depreciation of the City's capital assets is computed using the straight-line method and the following useful life ranges:

Office equipment	5 years
Machinery	7 - 10 years
Sewer treatment plant and improvements	30 - 40 years
Infrastructure	30 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed when those projects are debt financed. The amount of interest to be capitalized is calculated by netting any investment earnings from unexpended debt proceeds against the related interest expense incurred from the date of debt issuance until completion of the project.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

d. Compensated absences

It is the City's policy to permit benefit-eligible employees to accumulate earned but unused annual leave and sick leave benefits. Accumulated and vested annual leave that can be estimated with reasonable accuracy, and which is expected to be liquidated with current, available financial resources, is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested and accumulated annual leave that are not expected to be liquidated with expendable, current financial resources are reported only for governmental funds on the government-wide financial statement. Vested or accumulated annual leave of proprietary funds is recorded as an expense and a liability of those funds at the time the benefits accrue to employees.

In accordance with the provisions of Governmental Accounting Standards No. 43, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

e. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or those that are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans, which are subject to change.

f. Comparative data

Comparative totals for the prior year are presented in the accompanying financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. The comparative totals appear in the government-wide financial statements and any combining fund level statements.

g. Prior year data/reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2011

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND
FINANCIAL STATEMENTS

1. Explanation of certain differences between the governmental funds
balance sheet and the government-wide statement of net assets

The governmental funds balance sheet includes a reconciliation (on page 12) between *fund balance-total governmental funds* in the amount of \$2,115,256 and *net assets-governmental activities* as reported in the government-wide statement of net assets in the amount of \$5,884,415. This difference results primarily from the difference in measurement focus between those statements. The government-wide statement of net assets has a long-term economic focus, versus the current financial resources focus of the governmental funds balance sheet. Elements of the reconciliation are explained below.

Capital asset differences

When capital assets (property, plant, equipment) to be used in governmental activities are acquired or constructed, the costs of those assets are reported as expenditures in governmental funds and not as capitalized assets net of related accumulated depreciation on the governmental fund balance sheet. However, the government-wide statement of net assets includes the value of those capital assets, net of accumulated depreciation, among the assets of the City as a whole. Using the GASB Statement 34 format, this represents a difference of \$17,722,890 to be added to the *fund balance-total governmental funds* amount of \$2,115,256.

Long-term liabilities

Long-term liabilities, including bonds payable, which are applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities on the governmental fund balance sheet. All liabilities, both current and long-term, are reported in the government-wide statement of net assets. The net difference is a deduction of \$13,615,908 from the *fund balance-total governmental funds* amount. Also, accrued liabilities in the government-wide statement of net assets differ from the amount reported in the governmental funds balance sheet, because accrued interest payable (\$197,913) on long-term debt and compensated absences (\$139,910) have not been reported in the governmental funds. This represents a deduction of \$337,823 from the *fund balance-total governmental funds* amount.

2. Explanation of certain differences between the governmental funds
statement of revenues, expenditures, and changes in fund balances
and the government-wide statement of activities

A reconciliation of the \$840,501 *net change in fund balances* reported in the governmental funds *Statement of Revenues, Expenditures, and Changes in Fund Balances* to the \$465,651 *change in net assets* for governmental activities reported in the government-wide statement of activities is included with the financial statements on page 14. The differences arise primarily from the long-term economic focus of the government-wide statement of activities versus the current financial resources focus of the governmental funds statement of revenues, expenditures, and changes in fund balances. The detail of the differences is discussed in the following paragraphs.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2011

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND
FINANCIAL STATEMENTS - Continued

Capital related items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decrease only by the amount of depreciation expense charged for the year. Also, in the statement of activities, only the gain on the sale of capital assets is reported, but in the governmental funds, the gross sales proceeds increase fund balances. These differences in capital asset transactions result in a net decrease to governmental funds of \$413,540, as follows:

Capital assets purchased	\$ 358,014
Depreciation expense	<u>(771,554)</u>
Net adjustment to fund balances	<u><u>\$ (413,540)</u></u>

Long-term debt transactions

The issuance of long-term debt, including bonds payable, provides current financial resources to governmental funds, and the repayment of long-term debt uses current financial resources of governmental funds. However, neither issuance nor payment of long-term debt has any effect on net assets. The net effect of these transactions is to increase the net change in fund balances by \$803,561 as follows:

- Repayment of bond, temporary notes, KDOT loan principal and capital lease principal is reported in *other financing uses* in the governmental funds, thus having the effect of reducing fund balance, because current financial resources have been used. However, for the City as a whole, the principal payments reduce the liabilities in the government-wide statement of net assets and do not result in an expense in the government-wide statement of activities, an increase to net change in fund balances of \$791,629.
- The net change in accrued interest on general obligation bonds is included in the statement of activities, but is not a current source or use of financial resources, and so is an increase to the governmental funds of \$11,932.

Accrued liabilities

Some expenses, such as accrued compensated absences, reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, a decrease to net change in fund balances of \$15,171.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2011

NOTE C - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. Budgetary information

Kansas state statutes require that an annual operating budget be legally adopted for all governmental fund types, unless specifically exempted by statute. The statutes provide for the following sequence and timetable in the adoption of the City's legal annual operating budget:

- a. Preparation of the proposed budget for the succeeding calendar year, on or before August 1.
- b. Publication in the entity's official, local newspaper of the proposed budget and of the notice of public hearing on the budget, on or before August 5.
- c. Public hearing on or before August 15, but no sooner than ten days after publication of the notice of hearing.
- d. Adoption of the final budget and certification to the office of the relevant County Clerk, on or before August 25.

The statutes allow the governing body to increase the originally adopted budget only for previously unanticipated increases in revenue, other than those attributed to *ad valorem* property taxes. To do this, a notice of public hearing to amend the budget must be published in the official, local newspaper. No sooner than ten days after publication, the hearing may be held, and the governing body may amend the budget at that time. During the year 2011, there were no amendments to the originally adopted budget.

Under Kansas statutes, management cannot amend the budget without approval of the governing body; however, the statutes permit transferring budgeted amounts between line items within an individual fund or department. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds; i.e., the legal level of budgetary control is the fund level. Budget comparison statements are presented for each budgeted fund, showing actual revenues and expenditures compared to legally budgeted revenues and expenditures.

All legal, annual, operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Normally, revenues are recognized when cash is received, if not susceptible to accruals. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments, which are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute liabilities, because the commitments will be honored during subsequent years.

CITY OF LANSING, KANSAS
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 December 31, 2011

NOTE C - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - Continued

A legal operating budget is not required for capital projects funds, trust funds, and the following special revenue funds:

Governmental Grants
 Park Land Trust

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by other statutes, or by the use of internal spending limits established by the governing body.

2. Excess of expenditures over appropriations

Under Kansas statutes, expenditures are mandated to be controlled, so that no indebtedness is created in excess of budgeted limits. Management is not aware of any statutory violations.

NOTE D - DETAILED NOTES ON ALL FUNDS

1. Deposits and investments

At December 31, 2011, the City had the following investments:

		<u>Maturities (in years)</u>		
	<u>Fair value</u>	<u>Less than 1</u>	<u>1-2</u>	<u>Rating</u>
State Treasurer's Municipal Investment Pool	\$2,045,409	\$2,045,409	\$ -	N/A
Bank certificates of deposit	<u>20,000</u>	<u>20,000</u>	<u> </u>	N/A
	<u>\$2,065,409</u>	<u>\$2,065,409</u>	<u>\$ -</u>	

K.S.A. 9-1401 establishes the depositories which may be used by the City of Lansing. The statute requires banks eligible to hold the City of Lansing's funds have a main or branch bank in the county in which the City of Lansing is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City of Lansing has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City of Lansing's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City of Lansing has no investment policy that would further limit its investment choices. The rating of the City of Lansing's investments is noted above.

Concentration of credit risk. State statutes place no limit on the amount the City of Lansing may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2011

NOTE D - DETAILED NOTES ON ALL FUNDS - Continued

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the City of Lansing's deposits may not be returned to it. State statutes require the City of Lansing's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2011.

At year-end, the carrying amount of the City's deposits, including certificates of deposit, was \$1,478,349. The bank balance was \$1,646,405. Of the bank balance, \$250,000 was covered by FDIC insurance and \$1,396,405 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the City's name. The third-party bank holding the pledged securities is independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the City, the pledging bank, and the independent third-party bank holding the pledged securities.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City of Lansing will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

2. Receivables

Receivables at year-end for the government's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including any related allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>Debt service</u>	<u>Business- type activities</u>	<u>Nonmajor and other funds</u>	<u>Total</u>
Receivables					
Taxes	\$2,025,789	\$805,633	\$ -	\$149,202	\$2,980,624
Accounts			672,243		672,243
Gross					
receivables	<u>\$2,025,789</u>	<u>\$805,633</u>	<u>\$672,243</u>	<u>\$149,202</u>	<u>\$3,652,867</u>

Revenues of the enterprise funds are reduced by uncollectible amounts when written off.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2011

NOTE D - DETAILED NOTES ON ALL FUNDS - Continued

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

<u>Current property taxes receivable</u>	<u>Unavailable</u>
General fund	\$2,025,789
Debt Service fund	805,633
Other, nonmajor funds	149,202
<u>Other</u>	
Grants	<u>41,324</u>
Total deferred revenue for governmental funds	<u>\$3,021,948</u>

3. Capital assets

Capital asset activity for the year ended December 31, 2011, was as follows:

Primary Government

	<u>Beginning balances</u>	<u>Increases</u>	<u>Transfers and decreases</u>	<u>Ending balances</u>
Governmental activities				
Nondepreciable capital assets				
Land	\$ 991,774	\$ -	\$ -	\$ 991,774
Construction in progress	<u>2,510,282</u>	<u>273,686</u>	<u>(550,128)</u>	<u>2,233,840</u>
Total nondepreciable capital assets	<u>3,502,056</u>	<u>273,686</u>	<u>(550,128)</u>	<u>3,225,614</u>
Depreciable capital assets				
Buildings, improvements, infrastructure	16,767,868	550,128		17,317,996
Vehicles	771,370	47,685	(64,915)	754,140
Machinery and equipment	<u>1,238,087</u>	<u>36,644</u>		<u>1,274,731</u>
Total depreciable capital assets	18,777,325	634,457	(64,915)	19,346,867
Less accumulated depreciation	<u>(4,142,952)</u>	<u>(771,554)</u>	<u>64,915</u>	<u>(4,849,591)</u>
Depreciable capital assets, net of accumulated depreciation	<u>14,634,373</u>	<u>(137,097)</u>	<u>-</u>	<u>14,497,276</u>
Governmental activities capital assets, net of accumulated depreciation	<u>\$18,136,429</u>	<u>\$ 136,589</u>	<u>\$ (550,128)</u>	<u>\$17,722,890</u>

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2011

NOTE D - DETAILED NOTES ON ALL FUNDS - Continued

	<u>Beginning balances</u>	<u>Increases</u>	<u>Transfers and decreases</u>	<u>Ending balances</u>
Business-type activities				
Nondepreciable capital assets				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress				
Total nondepreciable capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Depreciable capital assets				
Buildings and improvements	22,768,295			22,768,295
Furniture and fixtures	32,733			32,733
Vehicles	348,202		20,216	368,418
Machinery and equipment	<u>543,973</u>	<u>3,666</u>		<u>547,639</u>
Total depreciable capital assets	23,693,203	3,666	20,216	23,717,085
Less accumulated depreciation	<u>(7,075,720)</u>	<u>(790,532)</u>	<u>(20,216)</u>	<u>(7,886,468)</u>
Depreciable capital assets, net of accumulated depreciation	<u>16,617,483</u>	<u>(786,866)</u>		<u>15,830,617</u>
Business-type activities capital assets, net of accumulated depreciation	<u>\$16,617,483</u>	<u>\$ (786,866)</u>	<u>\$ -</u>	<u>\$15,830,617</u>

Depreciation expense was charged to activities as follows:

Governmental activities	
General government	\$122,382
Public Safety	57,850
Public Works	566,749
Culture and Recreation	<u>24,573</u>
Total depreciation expense - Governmental	<u>\$771,554</u>
Business-type activities	
Sewer Utility	<u>\$790,532</u>

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2011

NOTE D - DETAILED NOTES ON ALL FUNDS - Continued

4. Interfund transfers

	Transfer in					Total
	General fund	Consolidated Street and Highway fund	Debt Service fund	Nonmajor governmental	Enterprise funds	
Transfer out						
General fund	\$ -	\$100,000	\$ -	\$275,000	\$450,000	\$825,000
Nonmajor governmental			2,293			2,293
Enterprise funds	75,000		2,171	4,763		81,934
	<u>\$75,000</u>	<u>\$100,000</u>	<u>\$4,464</u>	<u>\$279,763</u>	<u>\$450,000</u>	<u>\$909,227</u>

In the fund financial statements, total transfers out of \$909,227 equal the total transfers in when combining the transfers of governmental funds, in the amount of \$459,227 and those transfers of \$450,000 attributable to business-type funds. Transfers in consisted of the following:

Library received \$4,763 from the Solid Waste fund for neighborhood revitalization
Equipment Reserve received \$75,000 from the General fund for equipment purchases
Sewer Utility received \$450,000 from the General fund for payment on state revolving loan
Debt Service fund received excess funds of \$2,293 from closed capital projects
General fund received \$75,000 from the Solid Waste fund for reimbursement of salaries
General fund received \$200,000 from the Capital Improvement fund for street improvements
General fund received \$100,000 from the Consolidated Street and Highway fund for maintenance of streets
Solid Waste fund received \$2,171 from the Debt Service fund for neighborhood revitalization

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2011

NOTE E - LONG-TERM DEBT

Following is a detailed listing of the City's long-term debt including temporary notes:

<u>Debt issue</u>	<u>Date issued</u>	<u>Original amount</u>	<u>Interest rate</u>
Government obligation bonds			
Street improvements and refunding	2001	\$4,040,000	3.75% - 5.00%
Street improvements and refunding	2006	\$5,365,000	3.50% - 5.00%
Street and building improvements	2008	\$6,670,000	3.75% - 5.00%
Street and sewer improvements	2010	\$975,000	2.50% - 3.70%
KDHE loan			
Sewer Improvements	2003	\$15,881,000	2.91%
KDOT loan			
Street Improvements	2005	\$1,400,000	3.87%
KDOT loan			
Street Improvements	2009	\$740,000	4.00%
Capital lease	2009	\$61,504	3.50%
Capital lease	2009	\$54,511	3.375%
Capital lease	2010	\$122,128	2.97%

Following is a summary of changes in long-term debt for the year ended December 31, 2011:

<u>Type of issue</u>	<u>Beginning principal balance</u>	<u>Additions to principal</u>	<u>Reductions to principal</u>	<u>Ending principal balance</u>
General obligation bonds				
To be paid with tax levies	\$12,365,000	\$ -	\$ 610,000	\$11,755,000
KDHE loan - Sewer improvements				
To be paid with tax levies and operating revenues	11,314,068		695,237	10,618,831
KDOT loan - Street improvements				
To be paid with tax levies	1,798,502		88,450	1,710,052
Capital leases	244,035		93,179	150,856
Total	<u>\$25,721,605</u>	<u>\$ -</u>	<u>\$1,486,866</u>	<u>\$24,234,739</u>

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2011

NOTE E - LONG-TERM DEBT - Continued

Annual debt service requirements to maturity for general obligation bonds:

<u>Year</u>	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2012	\$ 640,000	\$ 503,378	\$ 1,143,378
2013	665,000	479,853	1,144,853
2014	690,000	455,033	1,145,033
2015	725,000	424,768	1,149,768
2016	755,000	391,373	1,146,373
2017 - 2021	4,280,000	1,430,843	5,710,843
2022 - 2026	3,170,000	608,255	3,778,255
2027 - 2031	830,000	59,835	889,835
Total	<u>\$11,755,000</u>	<u>\$4,353,338</u>	<u>\$16,108,338</u>

Annual debt service requirements to maturity for the KDHE sewer improvements loan:

<u>Year</u>	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2012	\$ 715,615	\$ 303,839	\$ 1,019,454
2013	736,591	282,864	1,019,455
2014	758,182	261,273	1,019,455
2015	780,406	239,049	1,019,455
2016	803,281	216,174	1,019,455
2017 - 2021	4,383,697	713,578	5,097,275
2022 - 2026	2,441,059	107,578	2,548,637
Total	<u>\$10,618,831</u>	<u>\$2,124,355</u>	<u>\$12,743,186</u>

Annual debt service requirements to maturity for the KDOT street improvements loans:

<u>Year</u>	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2012	\$ 91,908	\$ 67,041	\$ 158,949
2013	95,503	62,816	158,319
2014	99,238	59,711	158,949
2015	103,119	55,830	158,949
2016	107,152	51,798	158,950
2017 - 2021	601,994	192,751	794,745
2022 - 2026	526,009	68,884	594,893
2027 - 2031	85,129	4,732	89,861
Total	<u>\$1,710,052</u>	<u>\$563,563</u>	<u>\$2,273,615</u>

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2011

NOTE E - LONG-TERM DEBT - Continued

Annual debt service requirements to maturity for the capital lease:

<u>Year</u>	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2012	\$ 58,841	\$4,762	\$ 63,603
2013	60,718	2,884	63,602
2014	<u>31,297</u>	<u>929</u>	<u>32,226</u>
Total	<u>\$150,856</u>	<u>\$8,575</u>	<u>\$159,431</u>

NOTE F - FUND BALANCES

As prescribed by GASB Statement No. 54, governmental funds report fund balance classifications based primarily on the extent to which the city is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of December 31, 2011, fund balances for governmental funds are made up of the following:

- *Nonspendable Fund Balance* - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example inventories, prepaid amounts, and long-term notes receivable.
- *Restricted Fund Balance* - includes amounts that can be spent only for the specific purpose stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of the resource providers.
- *Committed Fund Balance* - includes amounts that can only be used for specific purposes determined by a formal action of the City's highest level of decision-making authority, the City's Council. Commitments may be changed or lifted only by the city taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).
- *Assigned Fund Balance* - comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. *Intent* is expressed by the City's Council, or a body or official to which the City's Council has delegated the authority to assign amounts to be used for specific purposes.
- *Unassigned Fund Balance* - is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

In circumstances when expenditure is made for a purpose which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2011

NOTE F - FUND BALANCES - Continued

Fund balances for all the major and nonmajor governmental funds as of December 31, 2011, were distributed as follows:

	General fund	Consolidated Street and Highway fund	Debt Service fund	Other governmental funds	Total governmental funds
Nonspendable					
Prepays	\$ 5,421	\$ -	\$ -	\$ -	\$ 5,421
Subtotal	<u>5,421</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,421</u>
Restricted					
Public works		72,028			72,028
Culture and recreation				453,643	453,643
Social services				60,836	60,836
Debt service			657,298		657,298
Subtotal	<u>-</u>	<u>-</u>	<u>657,298</u>	<u>514,479</u>	<u>1,243,805</u>
Committed					
Culture and recreation				68,540	68,540
Economic development	95,750				95,750
Subtotal	<u>95,750</u>	<u>-</u>	<u>-</u>	<u>68,540</u>	<u>164,290</u>
Assigned					
Public works				77,578	77,578
Public safety				83,631	83,631
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>161,209</u>	<u>161,209</u>
Unassigned	540,531	-	-	-	540,531
Total fund balances	<u>\$641,702</u>	<u>\$72,028</u>	<u>\$657,298</u>	<u>\$744,228</u>	<u>\$2,115,256</u>

NOTE G - CONDUIT DEBT OBLIGATIONS

To provide for the construction of a Health Service facility for Midwest Health Services, construction of an apartment complex and for the construction of a Hotel, the City has issued Taxable Industrial Revenue Bonds. These bonds do not constitute a debt or pledge of the faith and credit of the City and, accordingly, have not been reported in the accompanying financial statements.

At December 31, 2011, Taxable Industrial Revenue Bonds outstanding were \$8,500,500.

NOTE H - OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is

CITY OF LANSING, KANSAS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
December 31, 2011

NOTE H - OTHER POST EMPLOYMENT BENEFITS - Continued

subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

NOTE I - EMPLOYEE RETIREMENT SYSTEMS

The City of Lansing participates in the Kansas Public Employees Retirement System (KPERS) and in the Kansas Police and Firemen's Retirement System (KP&F). Both are part of a cost-sharing, multiple-employer, defined benefit pension plan, as defined by Federal regulations. As provided by K.S.A. 74-4901, et seq., KPERS and KP&F provide retirement benefits, term life insurance, disability income benefits, and death benefits. Kansas state law establishes and amends all KPERS and KP&F benefit provisions. KPERS and KP&F issue a publicly available, combined, annual financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS, 611 S. Kansas Avenue, Suite 100, Topeka, Kansas 66603-3925, or by calling 1-800-228-0366.

Currently, K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4.00 percent of covered salary, and K.S.A. 74-4975 establishes the KP&F member-employee contribution rate at 7.00 percent of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually, based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limit on annual increases in the employer contribution rates. The KPERS employer rate established by statute for calendar year 2011 was 7.74 percent. Included in this rate is the contribution for Group Death and Disability Insurance of 1.00 percent. From April 1, 2011 through June 30, 2011, the State of Kansas imposed a moratorium on the collection of the premium of 1.00 percent of the Group Death and Disability Insurance rate. The KPERS employer rate established by statute for calendar year 2010 was 7.14 percent. Included in this rate is the contribution for Group Death and Disability Insurance of 1.00 percent. From March 1, 2010 through June 30, 2010, the State of Kansas imposed a moratorium on the collection of 1.00 percent of the Group Death and Disability Insurance rate. The City of Lansing employer contributions to KPERS for the years ended December 31, 2011, 2010, and 2009, were \$139,931, \$131,227, and \$109,338, respectively, equal to the statutorily required contributions for each year.

Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which are determined separately for each participating employer. Including such past service costs' amortization, the City's KP&F uniform participating employer rate for calendar year 2011 was 14.57 percent. The employer rate for 2010 was 12.86 percent. The City's employer contributions to KP&F for the years ended December 31, 2011, 2010, and 2009, were \$110,274, \$99,801, and \$96,034, respectively, equal to the statutorily required contribution for the year.

CITY OF LANSING, KANSAS
 COMBINING BALANCE SHEET
 OTHER NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2011

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total other nonmajor governmental Funds</u>
ASSETS			
Cash and equity in Treasurer's fund	\$517,955	\$152,171	\$670,126
Property taxes receivable	<u>149,202</u>	<u> </u>	<u>149,202</u>
Total assets	<u>\$667,157</u>	<u>\$152,171</u>	<u>\$819,328</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 1,142	\$ -	\$ 1,142
Salaries and wages payable	2,334		2,334
Deferred revenues	<u>149,202</u>	<u> </u>	<u>149,202</u>
Total liabilities	<u>152,678</u>	<u>-</u>	<u>152,678</u>
FUND BALANCES			
Restricted	514,479		514,479
Committed		68,540	68,540
Assigned	<u> </u>	<u>83,631</u>	<u>83,631</u>
Total fund balances	<u>514,479</u>	<u>152,171</u>	<u>666,650</u>
Total liabilities and fund balances	<u>\$667,157</u>	<u>\$152,171</u>	<u>\$819,328</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 OTHER NONMAJOR GOVERNMENTAL FUNDS
 Year ended December 31, 2011

	Special Revenue Funds	Capital Project Funds	Total other nonmajor governmental Funds
Revenues			
Taxes	\$248,421	\$ -	\$248,421
Intergovernmental	23,338		23,338
Interest	128	52	180
Other	<u>131,900</u>	<u>1,986</u>	<u>133,886</u>
Total revenues	<u>403,787</u>	<u>2,038</u>	<u>405,825</u>
Expenditures			
General government	84,499		84,499
Public safety		6,262	6,262
Culture and recreation	304,345		304,345
Social services	8,595		8,595
Construction and engineering		<u>273,685</u>	<u>273,685</u>
Total expenditures	<u>397,439</u>	<u>279,947</u>	<u>677,386</u>
Excess (deficit) of revenues over expenditures	<u>6,348</u>	<u>(277,909)</u>	<u>(271,561)</u>
Other financing sources (uses)			
Transfers in	4,763	75,000	79,763
Transfers out		<u>(2,293)</u>	<u>(2,293)</u>
Total other financing sources (uses)	<u>4,763</u>	<u>72,707</u>	<u>77,470</u>
Net change in fund balances	11,111	(205,202)	(194,091)
Fund balances at beginning of year	<u>503,368</u>	<u>357,373</u>	<u>860,741</u>
Fund balances at end of year	<u>\$514,479</u>	<u>\$152,171</u>	<u>\$666,650</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 December 31, 2011
 With comparative totals for December 31, 2010

	<u>Transient Guest Tax</u>	<u>Mayor's Christmas</u>	<u>Special Alcoholic Liquor</u>	<u>Special Parks and Recreation</u>	<u>Library</u>	<u>KS Regional Prisons Museum</u>
ASSETS						
Cash and equity in Treasurer's fund	\$68,281	\$2,733	\$60,721	\$243,572	\$ 33,440	\$104,093
Property taxes receivable					149,202	
Total assets	<u>\$68,281</u>	<u>\$2,733</u>	<u>\$60,721</u>	<u>\$243,572</u>	<u>\$182,642</u>	<u>\$104,093</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ 47	\$ 1,095	\$ -
Salaries and wages payable					2,334	
Deferred revenues					149,202	
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>47</u>	<u>152,631</u>	<u>-</u>
FUND BALANCES						
Restricted	<u>68,281</u>	<u>2,733</u>	<u>60,721</u>	<u>243,525</u>	<u>30,011</u>	<u>104,093</u>
Total fund balances	<u>68,281</u>	<u>2,733</u>	<u>60,721</u>	<u>243,525</u>	<u>30,011</u>	<u>104,093</u>
Total liabilities and fund balances	<u>\$68,281</u>	<u>\$2,733</u>	<u>\$60,721</u>	<u>\$243,572</u>	<u>\$182,642</u>	<u>\$104,093</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE - CONTINUED

December 31, 2011

With comparative totals for December 31, 2010

	Park Land Trust	Governmental Grants	Totals	
			<u>2011</u>	<u>2010</u>
ASSETS				
Cash and equity in Treasurer's fund	\$5,000	\$115	\$517,955	\$505,887
Property taxes receivable			<u>149,202</u>	<u>125,268</u>
Total assets	<u>\$5,000</u>	<u>\$115</u>	<u>\$667,157</u>	<u>\$631,155</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 1,142	\$ 436
Salaries and wages payable			2,334	1,923
Deferred revenues			<u>149,202</u>	<u>125,428</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>152,678</u>	<u>127,787</u>
FUND BALANCES				
Restricted	<u>5,000</u>	<u>115</u>	<u>514,479</u>	<u>503,368</u>
Total fund balances	<u>5,000</u>	<u>115</u>	<u>514,479</u>	<u>503,368</u>
Total liabilities and fund balances	<u>\$5,000</u>	<u>\$115</u>	<u>\$667,157</u>	<u>\$631,155</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 Year ended December 31, 2011
 With comparative totals for December 31, 2010

	Transient Guest Tax	Mayor's Christmas	Special Alcoholic Liquor	Special Parks and Recreation	Library	KS Regional Prisons Museum
Revenues						
Taxes	\$104,727	\$ -	\$ -	\$ -	\$143,694	\$ -
Intergovernmental			9,015	9,014	5,309	
Interest	6		13	69	14	26
Other	10,388	4,900	162	86,963	4,817	22,670
Total revenues	115,121	4,900	9,190	96,046	153,834	22,696
Expenditures						
General government	78,138	6,361				
Culture and recreation				109,490	178,665	16,190
Social services			8,595			
Total expenditures	78,138	6,361	8,595	109,490	178,665	16,190
Excess (deficit) of revenues over (under) expenditures	36,983	(1,461)	595	(13,444)	(24,831)	6,506
Other financing sources (uses)						
Transfers in						
Transfers out					4,763	
Total other financing sources (uses)	-	-	-	-	4,763	-
Net change in fund balances	36,983	(1,461)	595	(13,444)	(20,068)	6,506
Fund balances at beginning of year	31,298	4,194	60,126	256,969	50,079	97,587
Fund balances at end of year	\$ 68,281	\$2,733	\$60,721	\$243,525	\$ 30,011	\$104,093

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE - CONTINUED

Year ended December 31, 2011

With comparative totals for December 31, 2010

	Park Land Trust	Governmental Grants	Totals	
			<u>2011</u>	<u>2010</u>
Revenues				
Taxes	\$ -	\$ -	\$248,421	\$182,891
Intergovernmental			23,338	22,361
Interest			128	362
Other	<u>2,000</u>		<u>131,900</u>	<u>140,068</u>
Total revenues	<u>2,000</u>	<u>-</u>	<u>403,787</u>	<u>345,682</u>
Expenditures				
General government			84,499	43,069
Culture and recreation			304,345	272,959
Social services			<u>8,595</u>	<u>8,767</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>397,439</u>	<u>324,795</u>
Excess (deficit) of revenues over (under) expenditures	<u>2,000</u>	<u>-</u>	<u>6,348</u>	<u>20,887</u>
Other financing sources (uses)				
Transfers in			4,763	25,000
Transfers out				
Total other financing sources (uses)	<u>2,000</u>	<u>-</u>	<u>4,763</u>	<u>25,000</u>
Net change in fund balances	2,000		11,111	45,887
Fund balances at beginning of year	<u>3,000</u>	<u>115</u>	<u>503,368</u>	<u>457,481</u>
Fund balances at end of year	<u>\$5,000</u>	<u>\$115</u>	<u>\$514,479</u>	<u>\$503,368</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
 Year ended December 31, 2011
 With comparative totals for December 31, 2010

	Equipment Reserve	Streets	Park Improvements	Totals	
				2011	2010
ASSETS					
Cash and equity in Treasurer's fund	\$83,631	\$ -	\$68,540	\$152,171	\$849,416
Total assets	<u>\$83,631</u>	<u>\$ -</u>	<u>\$68,540</u>	<u>\$152,171</u>	<u>\$849,416</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 89,002
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,002</u>
FUND BALANCES					
Committed			68,540	68,540	342,480
Assigned	<u>83,631</u>	<u>-</u>	<u>-</u>	<u>83,631</u>	<u>417,934</u>
Total fund balances	<u>83,631</u>	<u>-</u>	<u>68,540</u>	<u>152,171</u>	<u>760,414</u>
Total liabilities and fund balances	<u>\$83,631</u>	<u>\$ -</u>	<u>\$68,540</u>	<u>\$152,171</u>	<u>\$849,416</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
 Year ended December 31, 2011
 With comparative totals for December 31, 2010

	Equipment Reserve	Streets	Park Improvements	Totals	
				2011	2010
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Interest			52	52	1,042
Other			1,986	1,986	50,485
Total revenues	<u>-</u>	<u>-</u>	<u>2,038</u>	<u>2,038</u>	<u>51,527</u>
Expenditures					
General government					4,440
Public safety	6,262			6,262	36,359
Public works					655,860
Culture and recreation					1,238
Construction and engineering			273,685	273,685	101,325
Total expenditures	<u>6,262</u>	<u>-</u>	<u>273,685</u>	<u>279,947</u>	<u>799,222</u>
Excess (deficit) of revenues over (under) expenditures	<u>(6,262)</u>	<u>-</u>	<u>(271,647)</u>	<u>(277,909)</u>	<u>(747,695)</u>
Other financing sources (uses)					
Transfers in	75,000			75,000	25,000
Transfers out		(2,293)		(2,293)	(151,029)
Total other financing sources (uses)	<u>75,000</u>	<u>(2,293)</u>	<u>-</u>	<u>72,707</u>	<u>(126,029)</u>
Net change in fund balances	68,738	(2,293)	(271,647)	(205,202)	(873,724)
Fund balances at beginning of year	14,893	2,293	340,187	357,373	1,634,138
Reclassification to major fund					(403,041)
Fund balances at end of year	<u>\$83,631</u>	<u>\$ -</u>	<u>\$ 68,540</u>	<u>\$152,171</u>	<u>\$ 357,373</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
DEBT SERVICE FUND
Year ended December 31, 2011

	Budgeted amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget</u> <u>positive</u> <u>(negative)</u>
Revenues				
Taxes	\$1,387,287	\$1,387,287	\$1,401,528	\$ 14,241
Interest	500	500	99	(401)
Other			21	21
Total revenues	<u>1,387,787</u>	<u>1,387,787</u>	<u>1,401,648</u>	<u>13,861</u>
Expenditures				
Principal - bonds	610,000	610,000	610,000	
Principal - revolving loan	88,449	88,449	88,449	
Interest and commissions	602,432	602,432	599,732	2,700
Neighborhood revitalization rebate	<u>42,171</u>	<u>42,171</u>	<u>44,790</u>	<u>(2,619)</u>
Total expenditures	<u>1,343,052</u>	<u>1,343,052</u>	<u>1,342,971</u>	<u>81</u>
Excess (deficit) of revenues over expenditures	44,735	44,735	58,677	13,942
Other financing sources				
Transfer in	<u>161,390</u>	<u>161,390</u>	<u>4,464</u>	<u>(156,926)</u>
Net change in fund balance	206,125	206,125	63,141	(142,984)
Beginning fund balance	<u>75,875</u>	<u>75,875</u>	<u>594,157</u>	<u>518,282</u>
Ending fund balance	<u>\$ 282,000</u>	<u>\$ 282,000</u>	<u>\$ 657,298</u>	<u>\$375,298</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
TRANSIENT GUEST TAX FUND
Year ended December 31, 2011

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget</u>
				<u>positive</u>
				<u>(negative)</u>
Revenues				
Taxes	\$55,000	\$55,000	\$104,727	\$49,727
Interest	10	10	6	(4)
Other			<u>10,388</u>	<u>10,388</u>
Total revenues	55,010	55,010	115,121	60,111
Expenditures				
General government	<u>83,450</u>	<u>83,450</u>	<u>78,138</u>	<u>5,312</u>
Excess (deficit) of revenues over expenditures	(28,440)	(28,440)	36,983	65,423
Beginning fund balance	<u>41,123</u>	<u>41,123</u>	<u>31,298</u>	<u>(9,825)</u>
Ending fund balance	<u>\$12,683</u>	<u>\$12,683</u>	<u>\$ 68,281</u>	<u>\$55,598</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
MAYOR'S CHRISTMAS FUND
Year ended December 31, 2011

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget</u>
				<u>positive</u>
				<u>(negative)</u>
Revenues				
Other	\$4,000	\$4,000	\$4,900	\$ 900
Expenditures				
General government	<u>6,500</u>	<u>6,500</u>	<u>6,361</u>	<u>139</u>
Excess (deficit) of revenues				
over expenditures	(2,500)	(2,500)	(1,461)	1,039
Beginning fund balance	<u>3,810</u>	<u>3,810</u>	<u>4,194</u>	<u>384</u>
Ending fund balance	<u>\$1,310</u>	<u>\$1,310</u>	<u>\$2,733</u>	<u>\$1,423</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
SPECIAL ALCOHOLIC LIQUOR FUND
Year ended December 31, 2011

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget</u>
				<u>positive</u>
				<u>(negative)</u>
Revenues				
Intergovernmental revenue	\$ 8,416	\$ 8,416	\$ 9,015	\$ 599
Interest			13	13
Other			162	162
Total revenues	8,416	8,416	9,190	774
Expenditures				
Social services	9,200	9,200	8,595	605
Excess (deficit) of revenues				
over expenditures	(784)	(784)	595	1,379
Beginning fund balance	59,354	59,354	60,126	772
Ending fund balance	<u>\$58,570</u>	<u>\$58,570</u>	<u>\$60,721</u>	<u>\$2,151</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
SPECIAL PARKS AND RECREATION FUND
Year ended December 31, 2011

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget</u>
				<u>positive</u>
				<u>(negative)</u>
Revenues				
Intergovernmental revenue	\$ 8,416	\$ 8,416	\$ 9,014	\$ 598
Interest			69	69
Other	<u>83,800</u>	<u>83,800</u>	<u>86,963</u>	<u>3,163</u>
Total revenues	92,216	92,216	96,046	3,830
Expenditures				
Culture and recreation	<u>158,750</u>	<u>158,750</u>	<u>109,490</u>	<u>49,260</u>
Excess (deficit) of revenues				
over expenditures	(66,534)	(66,534)	(13,444)	53,090
Beginning fund balance	<u>186,968</u>	<u>186,968</u>	<u>256,969</u>	<u>70,001</u>
Ending fund balance	<u>\$120,434</u>	<u>\$120,434</u>	<u>\$243,525</u>	<u>\$123,091</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
LIBRARY FUND

Year ended December 31, 2011

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget</u>
				<u>positive</u>
				<u>(negative)</u>
Revenues				
Taxes	\$137,115	\$137,115	\$143,694	\$ 6,579
Intergovernmental	5,000	5,000	5,309	309
Interest	100	100	14	(86)
Other	<u>1,250</u>	<u>1,250</u>	<u>4,817</u>	<u>3,567</u>
Total revenues	143,465	143,465	153,834	10,369
Expenditures				
Culture and recreation	<u>186,805</u>	<u>186,805</u>	<u>178,665</u>	<u>8,140</u>
Excess (deficit) of revenues over expenditures	(43,340)	(43,340)	(24,831)	18,509
Other financing sources				
Transfer in	<u>4,763</u>	<u>4,763</u>	<u>4,763</u>	
Net change in fund balance	(38,577)	(38,577)	(20,068)	18,509
Beginning fund balance	<u>38,577</u>	<u>38,577</u>	<u>50,079</u>	<u>11,502</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,011</u>	<u>\$30,011</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
KS REGIONAL PRISONS MUSEUM FUND
Year ended December 31, 2011

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>amounts</u>	<u>final budget</u>
				<u>positive</u>
				<u>(negative)</u>
Revenues				
Interest	\$ 25	\$ 25	\$ 26	\$ 1
Other	<u>117,605</u>	<u>117,605</u>	<u>22,670</u>	<u>(94,935)</u>
Total revenues	117,630	117,630	22,696	(94,934)
Expenditures				
Culture and recreation	<u>121,505</u>	<u>121,505</u>	<u>16,190</u>	<u>105,315</u>
Excess (deficit) of revenues				
over expenditures	(3,875)	(3,875)	6,506	10,381
Beginning fund balance	<u>86,844</u>	<u>86,844</u>	<u>97,587</u>	<u>10,743</u>
Ending fund balance	<u>\$ 82,969</u>	<u>\$ 82,969</u>	<u>\$104,093</u>	<u>\$ 21,124</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
STREETS

From inception and for the year ended December 31, 2011

	<u>2011</u>	<u>Inception to December 31, 2011</u>
Total project authorization		\$820,017
Revenues		
Interest		<u>1,368</u>
Total revenues		<u>1,368</u>
Expenditures		
Construction and engineering		<u>550,128</u>
Total expenditures		<u>550,128</u>
Excess of expenditures over revenues		<u>(548,760)</u>
Other financing sources (uses)		
Proceeds - temporary notes		800,000
Original issue discount		(1,840)
Other costs of issuance		(11,078)
Transfer out	\$ (2,293)	<u>(238,322)</u>
Total other financing sources (uses)	<u>(2,293)</u>	<u>548,760</u>
Net change in fund balance	(2,293)	<u>\$ -</u>
Fund balance at beginning of year	<u>2,293</u>	
Fund balance at end of year	<u>\$ -</u>	

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CITY OF LANSING, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
PARK IMPROVEMENTS

From inception and for the year ended December 31, 2011

	<u>2011</u>	Inception to December 31, <u>2011</u>
Total project authorization		<u>\$2,200,000</u>
Revenues		
Interest	\$ 52	92,670
Miscellaneous	<u>1,986</u>	<u>1,986</u>
Total revenues	<u>2,038</u>	<u>94,656</u>
Expenditures		
Construction and engineering	<u>273,685</u>	<u>2,233,840</u>
Total expenditures	<u>273,685</u>	<u>2,233,840</u>
Excess of expenditures over revenues	<u>(271,647)</u>	<u>(2,139,184)</u>
Other financing sources (uses)		
Proceeds - temporary notes		2,218,335
Original issue discount		(4,548)
Other costs of issuance		<u>(6,063)</u>
Total other financing sources	<u>-</u>	<u>2,207,724</u>
Net change in fund balance	(271,647)	<u>\$ 68,540</u>
Fund balance at beginning of year	<u>340,187</u>	
Fund balance at end of year	<u>\$ 68,540</u>	

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUNDS
 December 31, 2011
 With comparative totals for December 31, 2010

	<u>Bonds posted</u>	<u>Hillbrook Subdivision</u>	<u>Facilities Renovation</u>	<u>Totals</u>	
				<u>2011</u>	<u>2010</u>
ASSETS					
Cash and equity in Treasurer's fund	<u>\$12,380</u>	<u>\$20,000</u>	<u>\$75,788</u>	<u>\$108,168</u>	<u>\$94,273</u>
Total assets	<u>\$12,380</u>	<u>\$20,000</u>	<u>\$75,788</u>	<u>\$108,168</u>	<u>\$94,273</u>
LIABILITIES					
Due to others	\$ -	\$20,000	\$75,788	\$ 95,788	\$84,283
Bonds posted escrow	<u>12,380</u>			<u>12,380</u>	<u>9,990</u>
Total liabilities	<u>\$12,380</u>	<u>\$20,000</u>	<u>\$75,788</u>	<u>\$108,168</u>	<u>\$94,273</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 December 31, 2011

	Balance January 1, 2011	Additions	Deductions	Balance December 31, 2011
BONDS POSTED FUND				
ASSETS				
Cash and equity in Treasurer's fund	\$ 9,900	\$706,947	\$704,557	\$12,380
Total assets	<u>\$ 9,900</u>	<u>\$706,947</u>	<u>\$704,557</u>	<u>\$12,380</u>
LIABILITIES				
Due to others	\$ -	\$ -	\$ -	\$ -
Bonds posted escrow	<u>9,990</u>	<u>753,601</u>	<u>751,211</u>	<u>12,380</u>
Total liabilities	<u>\$ 9,990</u>	<u>\$753,601</u>	<u>\$751,211</u>	<u>\$12,380</u>
HILLBROOK SUBDIVISION FUND				
ASSETS				
Cash and equity in Treasurer's fund	\$20,000	\$ 141	\$ 141	\$20,000
Total assets	<u>\$20,000</u>	<u>\$ 141</u>	<u>\$ 141</u>	<u>\$20,000</u>
LIABILITIES				
Due to others	\$20,000	\$ 141	\$ 141	\$20,000
Total liabilities	<u>\$20,000</u>	<u>\$ 141</u>	<u>\$ 141</u>	<u>\$20,000</u>
FACILITIES RENOVATION FUND				
ASSETS				
Cash and equity in Treasurer's fund	\$64,283	\$ 42,776	\$ 31,271	\$75,788
Total assets	<u>\$64,283</u>	<u>\$ 42,776</u>	<u>\$ 31,271</u>	<u>\$75,788</u>
LIABILITIES				
Due to others	\$64,283	\$ 42,776	\$ 31,271	\$75,788
Total liabilities	<u>\$64,283</u>	<u>\$ 42,776</u>	<u>\$ 31,271</u>	<u>\$75,788</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
December 31, 2011
With comparative totals for December 31, 2010

	<u>2011</u>	<u>2010</u>
Governmental funds capital assets by category		
Land	\$ 991,774	\$ 991,774
Buildings, improvements, infrastructure	17,317,996	16,767,868
Vehicles	754,140	771,370
Machinery and equipment	1,274,731	1,238,087
Construction in progress	<u>2,233,840</u>	<u>2,510,282</u>
Total governmental funds capital assets	<u>\$22,572,481</u>	<u>\$22,279,381</u>
Investments in governmental funds capital assets by source		
General fund	\$ 1,614,212	\$ 1,594,797
Special revenue funds	18,724,429	18,174,302
Capital project funds	<u>2,233,840</u>	<u>2,510,282</u>
Total governmental funds capital assets	<u>\$22,572,481</u>	<u>\$22,279,381</u>

The notes to the financial statements are an integral part of these statements.